



## College of Letters & Science

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### **Select Committee on Economic Disparity and Fairness in Growth Field Hearing in Milwaukee, Wisconsin**

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Good afternoon, Chairman Himes, Ranking Member Steil, and other distinguished members of the committee. Thank you for the opportunity to provide testimony at this Field Hearing about the legacy and ongoing impacts of discriminatory housing policies and practices in Milwaukee, Wisconsin. My name is Anne Bonds, and I am an Associate Professor of Geography and Urban Studies at the University of Wisconsin-Milwaukee and Chair of the Urban Geography Specialty Group of American Association of Geographers. I commend the committee for its commitment to better understanding economic inequality and barriers to housing and for seeking solutions to address these issues.

My testimony today draws from my research on racial segregation in Milwaukee, especially focusing on my collaborative research<sup>1</sup> on the role of racially restrictive housing covenants in Milwaukee County in defining patterns of urban development and racial segregation.

In my testimony I emphasize two key points: (1) Racial covenants and other discriminatory housing policies and practices continue to inform contemporary racial wealth gaps and patterns of racial and housing segregation; and (2) U.S. homeownership, as an institution, has never been race neutral. Consequently, effective housing policy must also be race conscious and informed by an understanding of the culpability of a complex array of federal, state, and local agencies and policies, urban planning practices, real estate interests, and the actions of private owners and landlords in codifying racial segregation in urban and suburban space. I also briefly comment on data access and the need for researchers to more easily acquire public records – in this case digitized property records – to better understand the mechanisms of racism in housing that gave rise to urban racial segregation and to research the ongoing economic impacts of these practices.

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<sup>1</sup> *Mapping Racism and Resistance in Milwaukee County*, co-PI, Derek Handley (UWM Department of English). Supported by UWM Discovery an Innovation Grant, a collaborative partnership with the [Mapping Prejudice](#) team at the University of Minnesota, and with research and assistance from Dr. Joseph Walzer, Kat Kocisky, and Madison Williams.

We convene today in Milwaukee, a city consistently ranked as one of the most racially segregated in the country<sup>2</sup> and a metropolitan area having the lowest rate of Black suburbanization in the nation. While about 10% of Black households live in metro Milwaukee's suburbs, over 80% of white households live in the suburbs<sup>3</sup>. The Great Recession devastated Milwaukee's predominantly Black neighborhoods, ushering in a tidal wave of foreclosures followed by a sharp increase in residential property purchases by individuals and companies located outside of the city, as documented by my fellow panelist John Johnson.<sup>4</sup> Fifty-four years after Milwaukee's historic open housing marches, renewed attention to ongoing residential segregation highlights how little has changed since the late 1960s. As I demonstrate in my testimony, these dynamics are far from incidental; rather they reflect the ongoing legacy of racism and racial exclusion in housing markets.

## 1. Racial Covenants and Racial Exclusion in Housing Markets

In the first half of 20<sup>th</sup> century, racial covenants prohibiting non-white people from buying or occupying housing and certain parcels of land were used throughout U.S. cities for segregationist purposes.<sup>5</sup> A covenant is a type of contract included in a property deed referring to the conditions attached to housing or land. The violation of covenant conditions comes with the risk of foregoing a property. Racially restrictive covenants began appearing in deeds with greater frequency at the turn of the century, especially following the 1917 Supreme Court decision in the case of *Buchanan v. Warley* outlawing municipal racial zoning. Following that decision, racial covenants, also referred to as private zoning, became increasingly commonplace, withstanding court challenges throughout the 20s and 30s. By 1928, half of all homes owned by white people in the U.S. were covenanted.<sup>6</sup> Though racial covenants often included language identifying a range of racial, ethnic, and religious groups prohibited from occupying properties, in practice, they especially targeted Black Americans as they moved to cities in the Northeast, Midwest, and West during the first, second, and late Great Migration (1910-1970) in search of new opportunities and to escape the oppressive conditions of Jim Crow.

During the early 1900s, just as the Great Migration was underway, the burgeoning real estate industry developed theories tethering residential property values to notions of racial homogeneity and the assumption that the mere presence of non-white residents in a neighborhood, especially Black residents, would lead directly to property value decline.<sup>7</sup> In fact, in 1924 the National

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<sup>2</sup> Levine, MV (2020) The State of Black Milwaukee in National Perspective: Racial Inequality in the Nation's 50 Largest Metropolitan Areas. In 65 Charts and Tables. UWM Center for Economic Development Publications. 56. Available at [https://dc.uwm.edu/ced\\_pubs/56](https://dc.uwm.edu/ced_pubs/56)

<sup>2</sup> Freund, DMP (2007) *Colored property: state policy and white racial politics in suburban America*. University of Chicago Press, Chicago, IL.

<sup>3</sup> Levine, 2020

<sup>4</sup> Gousha, M, and Johnson J. 2020. "Milwaukee homeownership falls sharply in a massive wealth transfer." *Milwaukee Journal Sentinel*. Available at <https://www.jsonline.com/story/news/solutions/2020/01/30/milwaukee-homeownership-falls-sharply-massive-wealth-transfer/4590413002/>

<sup>5</sup> Freund, 2007; Gonda, JD (2015) *Unjust Deeds: The Restrictive Covenant Cases and the Making of the Civil Rights Movement*. Chapel Hill, North Carolina: The University of North Carolina Press; Gordon C (2008) *Mapping Decline: St. Louis and the Fate of the American City*. Philadelphia: University of Pennsylvania Press; Gotham KF (2000) Urban space, restrictive covenants and the origins of residential racial segregation in a U.S. City, 1900-1950. *International Journal of Urban and Regional Research*, 24 (3), pp 616-633.

<sup>6</sup> Freund, 2007

<sup>7</sup> Freund, 2007; Markley, SN, Hafley, TJ, Allums CA, Holloway SR, and Chung HC. (2020) The limits to homeownership: Racial Capitalism, Black Wealth, and the Appreciation Gap in Atlanta. *International Journal of Urban and Regional Research*, 44 (2), pp 301-328.

Association of Real Estate Boards (NAREB) introduced into its Code of Ethics Article 34, which stipulated that “[A] Realtor should never be instrumental introducing into a neighborhood a character of property or occupancy, members of any race or nationality, or any individuals whose presence will clearly be detrimental to property values in a neighborhood.”<sup>8</sup> By 1930s, these discriminatory theories had been made manifest, materialized in the built environment and the racial makeup of neighborhoods and enshrined in federal housing policy and in private real estate and lending practices. Years before the Home Owners’ Loan Corporation (HOLC) created residential security maps and systematized the practice of redlining, racial covenants had already established urban racial boundaries and sedimented patterns of residential segregation in cities. Indeed, HOLC maps were designed around these already established racial boundaries and higher ratings were assigned to neighborhoods with racial covenants in place.

Racial covenants were just one mechanism explicitly designed to separate urban populations by race. They worked in conjunction with an array of policies and practices, including zoning, planning, and federal subsidies for housing and suburban development that were predicated on the exclusion of people of color; residential security maps and FHA lending practices; and urban redevelopment and renewal projects that destroyed vibrant African American commercial districts, displaced communities of color, and further diminished affordable housing options.

## 2. Racial covenants and the making of racial segregation in Milwaukee

Though racial covenants have been illegal for over 50 years and unenforceable for over 70, they remain embedded in property deeds throughout Milwaukee County as evidence of the ways in which racism and discriminatory housing practices mapped race and urban development.

The first racial covenant introduced in Milwaukee County was filed May 6, 1919, racially restricting the Washington Highlands housing development in the suburb of Wauwatosa, which borders Milwaukee’s western boundary. The Washington Highlands area was subdivided and developed by the family of iconic Milwaukee brewer Capitan Frederick Pabst, following his death in 1904. It was designed to be connected to Milwaukee’s prestigious Washington Boulevard, which was platted in 1914 as part of the development of the City’s expansive parks and boulevard system, including the popular and Olmstead-designed Washington Park. In the Washington Highlands covenant document, Article IV: Limitation on Ownership states, “[A]t no time shall the land included in Washington Highlands or any part thereof, or buildings thereon be purchased, owned, leased, or occupied by any person other than of white race. This prohibition is not intended to include domestic servants while employed by the owner or occupant of any land included in this tract.”

As the Milwaukee Board of Realtors floated ideas about establishing a “Black Belt” in the city in the 1920s<sup>9</sup> – despite the illegality of racial zoning – the implementation of race restrictive covenants became a common practice throughout Milwaukee County, intensifying the housing crisis faced by Milwaukee’s Black residents, which was characterized by limited and deteriorating housing stock combined with entrenched racism that prevented access to affordable, decent housing. During the 1920s, 29 other subdivisions in Wauwatosa filed racial deed covenants (including, for example, Beverly Hills, Roger’s Park, Westgate, Blue Mound Manor developments). And while Wauwatosa

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<sup>8</sup> Article 34 remained in place until 1950. Following the Supreme Court decision in *Shelley v Kraemer* (1948) the article was revised to state the following: “A Realtor should never be instrumental in introducing into a neighborhood a character of property or use which will clearly be detrimental to property values in that neighborhood.”

<sup>9</sup> Trotter, Jr. JW (1985) *Black Milwaukee: The Making of an Industrial Proletariat, 1915-1945*. Urbana and Chicago: University of Illinois Press.

stands out as a hot spot for racial deed covenants and an important case study for suburban development premised on racial exclusion<sup>10</sup> racial restrictions were implemented throughout Milwaukee County in the 1920s and 1930s alongside the development of new subdivisions, including within the city of Milwaukee and in neighboring suburbs, like Shorewood, Cudahy, Whitefish Bay, West Allis, and West Milwaukee, followed later in the 1940s and even 50s, in new developments in Greendale, Greenfield, Glendale, and Fox Point. In the early 1940s, local NAACP Attorney George Brawley made a survey of the plats filed in Milwaukee County, finding that approximately “90 percent of the subdivisions which had been platted in the City of Milwaukee since 1910 contained some type of restrictive covenant that pledged the owner not to sell or rent to anyone other than caucasians [sic]”.<sup>11</sup>

### 3. Ongoing Impacts and Implications

While racial covenants and other discriminatory housing policies have been eliminated and even outlawed, their consequences live on. Race restrictive deed covenants haunt Milwaukee’s urban present, reflected in the highly segregated landscape and the uneven accumulation of wealth and advantage, dramatically shaping the Milwaukee metropolitan region’s racial structure. Working together with other discriminatory housing policies and practices, they channeled investment into the growing white suburbs and facilitated disinvestment in urban areas occupied by non-white, working class communities. The real estate industry and homebuilders capitalized on and reinforced the racial political economy of segregation, further embedding discrimination in urban housing markets. As a result, the expansion of the city’s Black population was highly restricted to a narrow, northward trajectory, contained by the city’s urban boundary and surrounded by the predominantly white suburbs in Waukesha, Ozaukee, and Washington counties.

Milwaukee’s predominantly Black Northside is bordered to the east by Interstate 43, the construction of which devastated and divided Milwaukee’s Bronzeville neighborhood, and to the north, west, and south by other major urban thoroughfares. This area was focus for major urban renewal projects premised on ‘slum’ removal and highway building in the 1960s, resulting in the net loss of thousands of homes occupied by Black residents. Although Black people made up just 15% of the city’s population in 1960, geographer Harold Rose found that Milwaukee was already one of the most racially segregated cities in the country at this time.<sup>12</sup> Black Milwaukeeans and other racial and ethnic minorities were not only confined to highly segregated neighborhoods that were made so through conscious design; they were denied access to the housing equity and wealth associated with suburban homeownership. These dynamics continue to shape residential property dynamics. For example, studying the impact of racial covenants on contemporary property values in Minneapolis, Aradhya Sood, William Seagle, and Kevin Erhman-Solberg, find that covenanted homes have a 4-15% higher current price than homes that were not covenanted.<sup>13</sup>

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<sup>10</sup> Quinn, LM (1979) Racially restrictive covenants: The Making of all-what suburbs in Milwaukee County. ETI Publications, at [https://dc.uwm.edu/eti\\_pubs/178](https://dc.uwm.edu/eti_pubs/178).

<sup>11</sup> Trotter, 1985, page 71

<sup>12</sup> Rose, HM. (1992). The employment status of young adult black males residing in poverty households: Recent Milwaukee County experience. Employment and Training Institute, University of Wisconsin-Milwaukee. Available at [http://dc.uwm.edu/eti\\_pubs/173/](http://dc.uwm.edu/eti_pubs/173/)

<sup>13</sup> Sood, A, Seagle, W and Erhman-Solberg, K. (2019) Long Shadow of Racial Discrimination: Evidence from Housing Covenants of Minneapolis. SSRN. Available at SSRN: <https://ssrn.com/abstract=3468520> or <http://dx.doi.org/10.2139/ssrn.3468520>

Racial gaps in homeownership reflect the long history of racial discrimination in housing and lending practices. Milwaukee has the second lowest rate of Black homeownership among the nation's largest metropolitan areas (27.2%).<sup>14</sup> 55.8% white households own their homes, compared to 37.5% of Hispanic households, and 27% of Black households.<sup>15</sup> The poverty rate in Milwaukee is 24.6%, a figure more than double that of the national poverty rate (11.4%) and far exceeding the statewide rate of 10%.<sup>16</sup> Even as expanding access to homeownership represents an important means to close the racial wealth gap, Scott Markley and colleagues have identified what they term a “racial appreciation gap,” a term referencing the fact that homes in Black neighborhoods appreciate at noticeably lower rate than homes in white neighborhoods.<sup>17</sup> The racial appreciation gap indicates a lower rate of return for Black homeowners in predominantly Black neighborhoods, illustrating that the benefits and wealth accumulation of expanded Black homeownership are further undercut and constrained by racial segregation.

Researchers need access to data – in this case digitized property records – to study how systematic racial exclusion in housing, via racial covenants, zoning, and land contracts, continues to impact residential property valuation and racial gaps in housing. These are large, cumbersome public record datasets that can be difficult to acquire due to cost, staffing, and limited access. Congress should support enhancing the availability and access to county property records, which would improve the ability of researchers to study the enduring impacts of housing discrimination and to make empirically informed policy recommendations.

In the U.S., homeownership, as an institution and as a critical driver in both economic stability and wealth accumulation, has always been racialized.<sup>18</sup> To this end, effective housing policy must not be race neutral or colorblind, but rather should specifically target and invest resources in non-white communities that have been denied access to the kinds of subsidies and federal supports that built the white middle class. Congress should protect and invest in fair lending and fair housing practices to expand access to homeownership. It should also work to strengthen rental assistance and protection programs to better support vulnerable populations and the housing insecure. Yet, while expanding homeownership for Black Americans and other people of color is critically important, this alone will not solve the racial wealth gaps associated with housing, as the valuation and appreciation of housing remains doggedly fixed to racialized assumptions about the premium of white neighborhoods and homes. In this sense, we need nothing short of a national reckoning about ongoing forms of racism and discrimination and the meanings of housing, emphasizing that access to decent, affordable housing in neighborhoods with amenities should not be preserved only for those who can afford it and those who have benefited from wealth accumulation associated with homeownership in previous generations. Rather, access to housing is central for thriving communities, economic stability, and collective well-being.

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<sup>14</sup> Levine, 2020

<sup>15</sup> Bezucha, D. (2022) Wisconsin's racial gaps in home ownership extend beyond Milwaukee. *Wisconsin Public Radio*, March 8, 2022. Available at <https://www.wpr.org/wisconsins-racial-gaps-home-ownership-extend-beyond-milwaukee>

<sup>16</sup> U.S. Census Bureau QuickFacts, 2020 Census, Available at <https://www.census.gov>

<sup>17</sup> Markley et al, 2020

<sup>18</sup> Freund, 2007; Markley et al, 2020